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UNITED NATIONS DEVELOPMENT PROGRAMME

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
INDIA

IPF:(1992-96) $156 120 000

(IND/91/089) - Jute Sector Programme

Date of approval by the AC:[1/]	8 April 1992
Expected duration:	Five years
Proposed executing agency:	Government in cooperation with UNDP/OPS and other specialised agencies
Government implementing agency:	Ministry of Textiles
Proposed UNDP contribution:	$22 959 200 Source of funds: IPF
Total UNDP budget:	$22 959 200

Project background

Jute is a strong, versatile and bio-degradable fibre. It is cultivated mainly in Asia, some parts of Africa and Latin America. India is the largest producer of jute with over 40 percent of the world production. Jute is the prime source of livelihood for over four million farmers who chiefly inhabit the eastern parts of the country. The majority of them are small farmers, who derive direct cash income from jute farming or cultivation, and for whom there is no alternative to jute cultivation in these core jute-growing areas.

In India, use of jute has traditionally been restricted to the lower end of the packaging market in the form of jute cloth and sacks to store and transport agricultural produce, fertilizers, cement, and other products. The advent of bulk handling and synthetic packaging materials has seriously diminished the demand for these traditional materials. As a result the Indian jute industry, which was predominantly export-oriented until the mid-1970s, has gradually lost its strength because of severe competition from these substitutes. However, the global concern over the adverse impact on the environment of the use and disposal of synthetic materials has recently revived strong interest in jute as a bio-degradable, environment-friendly natural fibre. Experience with the recently developed new jute-based products, strongly indicates that there is a major potential for the revitalization of the jute sector in India.

Recognizing this potential and as a manifestation of its strong commitment to the rejuvenation of the entire jute sector, the Government has launched a series of policy and related support measures aimed at accelerating integrated development of the sector. The Eighth Five-Year Plan (1992-1997) chapter pertaining to the jute sector spells out the envisaged future role of jute not merely as a packaging material but as a fibre ("The Golden

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[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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Fibre") of immense, untapped potential for utilization in diversified value-added products. The policy initiatives already taken include creation of the Jute Modernization Fund Scheme and the Special Jute Development Fund. Furthermore, the Government has declared jute as an integral part of its multi-fibre policy thereby encouraging the blending of various fibres with jute by both jute as well as textile mills.

Following a brainstorming session convened by the then STAS in New York to explore new concepts and products that can utilize jute in large quantities, a multi-member UNISTAR jute industry feasibility mission led by Mr. Irv Koons, Senior Adviser to the Administrator, was fielded in October/November 1990 at the invitation of the Government of India. The mission evoked a keen interest and strong commitment not only from the Government but also from the private sector which came forward to work as active partners in this national endeavour. After an assessment of the possibilities of product development and market potential, the mission detailed a plan of action aimed at launching a comprehensive national jute revitalization scheme. Central to the programme was the primary emphasis given to R&D and production of a diversity of new jute-based products supported by a well-articulated strategy for domestic and international markets. To revitalize the entire jute sector chiefly by using jute fibre to produce a diverse range of value-added products for domestic and international marketing, and contribute to the betterment of the economic conditions of the people engaged in the sector, the Government requested UNDP assistance under the present approval.

Description of project

The National Centre for Jute Diversification (NCJD) will be managed in a business-like manner, will catalyze the active involvement of the private sector, and will act as an effective link between product research and commercialisation; technology development and transfer; analysis of market trends and promotion; conforming to international quality and standards as well as requirements for export promotion; entrepreneurship development; and setting up of units by new entrepreneurs. Initially, a significant part of the NCJD's activities will be guided by experts/advisors recruited from the international private sector. They and their national counterpart staff will work in management, market research, product development, joint ventures, marketing and promotion. By the end of the five-year programme, the NCJD should be economically self-sufficient, supported by the private sector. The programme will revitalize the jute sector by increasing the market share of diversified products coupled with effective marketing strategies. Some of the initially envisaged end-products using jute will include: (1) refined jute and jute blended fabrics for internationally acceptable high quality wearing apparel, drapery, wall coverings and upholstery; (2) carpets; (3) jute non-woven and composite products covering a wide range including moulded furniture, building products, insulation, filters, cushioning, auto body components; and (4) paper and paper products including packaging.

Inputs

UNDP will provide consultants, including national and international private sector experts; training; and equipment for R&D and pilot production. The University of Wisconsin, which has already done basic work in the area of jute moulded products, was associated with the UNISTAR mission to India. With this background and subsequent detailed dialogue with them, it is proposed that R&D work in jute composites, ultimately expected to lead to commercialisation of moulded products with international markets in view, be entrusted to the University on a subcontract basis.

Financial data

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Personnel	4 875 000
Training	6 528 000
Equipment	11 556 200